

ARTICLE APPEARED
ON PAGE A-3

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Casey Owned Stock in Companies Working Under Contract to CIA

By Howard Kurtz
Washington Post Staff Writer

CIA Director William J. Casey, before he established a blind trust in late 1983, owned stock in a number of companies that had contracts with the agency, according to CIA documents.

The Central Intelligence Agency documents were released to the private Center for National Security Studies in response to a Freedom of Information Act request.

Some of the companies' contracts were for secret operations, but others were unclassified. However, CIA officials refused to identify any of the contracts, saying this could harm U.S. intelligence.

It is not known whether Casey still owns stock in any companies that hold CIA contracts because all his financial transactions now are handled by the administrator of his blind trust without Casey's knowledge, and the trust's contents cannot be made public.

CIA spokesman Patti Volz said Casey has used an elaborate screening arrangement "precisely to avoid any possible suggestion of conflict of interest." She said the screening arrangement still is actively used for a number of financial holdings that have not been placed in Casey's trust.

Under the arrangement, Volz said, Casey's top deputies determine whether a CIA matter might pose a conflict with Casey's holdings. In such cases, the officials notify Casey, who has the option of selling his stock or disqualifying himself from the issue.

Casey described the procedure in a May 1982 memo to his staff that was among the documents made public. He said that in cases where his "holdings involve companies doing business with the agency," he would decide "on an individual investment-by-investment basis . . . whether to dispose of the holding or make it subject to the screening arrangement."

Casey set up the blind trust in October 1983, after members of Congress criticized his active stock trading. It was disclosed this week that in setting up the trust, Casey did not include 34,755 shares he owns in Capital Cities Communications Inc., the conglomerate that has proposed a \$3.5 billion takeover of American Broadcasting Companies Inc. (ABC).

Volz said Casey was following rules of the Office of Government Ethics that do not allow an official to include in a blind trust a block of stock that makes up more than 20 percent of his holdings, as Casey's Capital Cities stock did at the time.

The CIA said in a statement that Casey notified Congress about his retention of the Capital Cities stock. The CIA said it is "a matter of indifference" to Casey whether that stock is in his blind trust, and that he has asked his attorney to explore whether it can be placed in the trust.

The agency documents show that CIA officials frequently discussed Casey's finances in internal memos before he created the trust. Many of the memos involve updates on Casey's holdings.

On July 22, 1982, for example, top CIA officials were told that Casey had bought stock in 10 companies, including Delta Airlines and General Motors, and sold his holdings in Federal Express. A July 28, 1982, memo said Casey had bought stock in Abbott Laboratories and sold his shares in IBM Corp.

An Aug. 24 memo said Casey bought stock in Southwest Airlines and sold his holdings in Delta. An Aug. 31 memo said he bought stock in MCI Communications and sold his shares in Merck & Co. On Nov. 1, Casey bought Merck stock again.

Another memo, to CIA general counsel Stanley Sporkin, was entitled, "Casey Oil Sales and Agency Reports Relevant to Oil." It contained "a summary of Mr. Casey's

oil stock transactions from mid-1980 to the present."

"Clearly, an enormous amount of government time was spent catering to Casey's desire to continue buying and selling stock," said Morton H. Halperin, director of the non-profit national security center, which is affiliated with the American Civil Liberties Union.

Gary M. Chase, a CIA attorney at the time the documents were prepared, said in an affidavit that it would be damaging to national security to disclose companies on Casey's list of stocks "which had classified contracts with the CIA to support intelligence activities involving sensitive intelligence methods."

Chase said he also was withholding documents that identify "corporations and other private commercial enterprises in which William J. Casey held stock, which had contracts with the CIA, but whose association with the CIA is not classified."

Chase said the agency feared that an outsider might deduce the classified contractors on Casey's list of stocks by ruling out "those companies which are highly unlikely to be CIA contractors, such as hotel chains and restaurant chains and similar industries not involving high technology services likely to be of use to an intelligence agency."

Also included in the CIA files was a 1981 article in the Soviet publication *Izvestia* that criticized Casey's financial dealings. It was entitled "CIA—A Lucrative Job."